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STATE OF MICHIGAN
FAMILY INDEPENDENCE AGENCY
MEMORANDUM

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TO: Asha Shah, Director
Budget, Analysis & Financial Management Administration

DATE: August 19, 1999

FROM: Rita Barker, Director
Office of Internal Audit

SUBJECT: Review of Maintenance of Effort Fiscal Data
Family Preservation and Family Support Services
Period: 10/1/96 through 9/30/97 (FY 97)
Assignment # 98-235

The Office of Internal Audit reviewed the fiscal data used to calculate the State Fiscal Year 1997 Estimated Expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program.

Based on our review, we conclude that the allocations of gross expenditures used to calculate FY 1997 estimated expenditures to meet the supplantation prohibition for the Family Preservation and Family Support Services Program were correct except for adjustments to the factors used to determine the Federal portion of Title IV-B, XX, and TANF expenses. Schedule A (attached) summarizes the adjustments to be made as a result of our review. Details of the necessary corrections follow below.

Title IV-B Adjustment

An incorrect figure of \$10,414,323 was used for total Title IV-B expenditures when calculating the Federal portion of Title IV-B expenses pertaining to Family Preservation and Family Support Services. The correct figure for total Title IV-B expenditures as reported on the Title IV-B Financial Status Report was \$14,486,718. Therefore the factor which was used to determine the Federal portion of Title IV-B expenses was changed from .999 to .7196015. This resulted in the Federal portion of the Title IV-B expenditures being reduced and the State portion increased by \$120,748.

Title XX Adjustment

An incorrect figure of \$312,961,283 was used for total Title XX expenditures when calculating the Federal portion of Title XX expenses pertaining to Family Preservation and Family Support Services. The correct figure for total Title XX expenditures as reported on the Title XX Financial Status Report was \$312,911,887. Therefore the factor which was used to determine the Federal portion of Title XX expenses was changed from .53517512 to .53525959. This resulted in the Federal portion of the Title XX expenditures being increased and the State portion decreased by \$1,811.

Title IV-A (TANF) Adjustment

The method used to determine what portion of TANF expenditures was reported as being Federally reimbursed was not consistent for all line items. Therefore a consistent method was used for all line items which had TANF expenditures. Total TANF Federal revenue for the appropriation number relevant to each line item was divided by gross TANF claims for the same appropriation number to determine the portion of each line item's expenditures to be reported as Federally reimbursed. This resulted in a decrease in the Federal portion of the TANF expenditures and an increase in the State portion of \$22,451.

The net effect of the above adjustments on the Family Preservation and Family Support Services expenditures is a decrease in Federal expenditures and an increase in State expenditures of \$141,388.

Attached is a copy of the "Estimated Expenditures – Family Preservation and Family Support Services" report which includes the corrections we determined necessary.

WE RECOMMEND the Budget, Analysis and Financial Management Administration make the corrections detailed in this memorandum to the Family Preservation and Family Support Services Maintenance of Effort calculations.

Please contact me if you have any questions concerning this review.

Attachments

cc: M. Jasonowicz

J. Beougher

J. Sorbet

J. Hudson

C. Osga